GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:539
ANSWERED ON:02.03.2007
WRITING OFF OF IT DUE
Singh Shri Uday;Topdar Shri Tarit Baran

Will the Minister of FINANCE be pleased to state:

(a)whether the Government proposes to write off Rs. 85000 crore tax arrears which could not be recovered by the Income Tax department;

(b)if so, the facts thereof and the reasons therefor; (cjwhether the failure on the part of the Income Tax department to recover such arrears have been taken seriously; and

(d) if so, the further steps taken to recover such arrears and to ensure that in future such arrears do not mount?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SH. S.S. PALANIMANICKAM)

(a)No sir, no such proposal for write-off of arrears of income tax in a summary manner is presently under the consideration of the Government.

(b)Does not arise in view of reply to para (a) above.

(c)Income Tax Department has been making higher recoveries from arrears of taxes. As against Rs.5,540 crore recovered during 2003-04, the recoveries made during 2004-05 and 2005-06 amounted to Rs.7,084 crore and Rs.8,064 crore, respectively. Moreover, the outstanding arrears of income tax as a percentage of total collections of income tax have declined from 105.91% in 2001-02 to 83.74% in 2003-04 and to 72.76% in 2005-06. Nevertheless, all efforts are being made by the Government to liquidate even higher amounts of arrears of taxes.

(d)Recovery of arrears is an ongoing process. The steps taken by the Income Tax Department for collection and liquidation of arrears of taxes include the following:

* Identification of worthwhile cases where recovery of arrears can be made during the course of the financial year through special efforts.

* Identification of high-demand cases pending before the Commissioners (Appeals) and ITAT, particularly the ones where recovery of substantial demand is likely on disposal of appeal and requesting the Commissioners (Appeals) for early disposal of such cases.

* Liaising with the Settlement Commission for early disposal of cases involving high demand and monitoring collection of resultant demand during the financial year itself.

Tax Recovery Officers to exercise the powers for appointment of receiver for business under the provisions of rule 69 Schedule II of the Income-tax Act for effecting recovery in suitable cases.
In respect of non-compliant defaulters, the provisions of arrest and detention as per the provisions of rules 73 to 81 of Schedule II to be invoked by the TRO.
Demand to be recovered forthwith in cases where favourable Tribunal/ Court orders are received.
Investigation Wings at the important centers to aid the recovery process by way of conducting surveys and/or secret enquiries to identify the assets for recovery in important